

Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGS: PFOR, IC, UR
SUBJECT: COALITION PARTIES AT ODDS OVER SOVIET SPY SCARE

REF: REYKJAVIK 190 (041727Z FEB), 0214 (091731Z FEB).

1. DEBATE OVER POSSIBLE SOVIET ESPIONAGE THREAT IN ICELAND (REFTELS) HAD PRODUCED ONE OF SHARPEST PUBLIC CLASHES YET BETWEEN COALITION INDEPENDENCE AND PROGRESSIVE PARTIES.
2. PROGRESSIVE PARTY'S OFFICIAL ORGAN TIMINN BROKE PREVIOUS EDITORIAL SILENCE ON ISSUE FEBRUARY 11 WHEN EDITOR IN CHIEF (AND ALTHING FOREIGN RELATIONS COMMITTEE CHAIRMAN) THORARINN THORARINSSON ASSESSED SITUATION AND FOUND LITTLE CAUSE FOR CONCERN. THORARINSSON DISMISSED REPORTS THAT SOVIET AM-BASSADOR HERE IS KGB AGENT BY ASSERTING THAT SUCH ALLEGATIONS ORIGINATED WITH "PROGAGANDISTS" WHO CANNOT BACK UP THEIR CLAIMS. LARGE SIZE OF SOVIET DIPLOMATIC STAFF,
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THORARINSSON SAID, RESULTS FROM FACT THAT TRADE WITH USSR IS CONDUCTED THROUGH OFFICIAL -- NOT COMMERCIAL -- CHANNELS, PLUS FACT THAT SOVIETS, FEARING SPIES THEMSELVES, HIRE NO EMPLOYEES LOCALLY. THORARINSSON WENT ON TO DESCRIBE IMPORTANCE TO ICELAND OF TRADE WITH USSR AND CONCLUDED THAT SPY SCARE SHOULD NOT BE ALLOWED TO INTERFERE WITH IT.

3. IP'S AUTHORITATIVE MORGUNBLADID RESPONDED FOLLOWING DAY WITH SEVEREST PUBLIC CRITICISM TO DATE BY ONE COALITION PARTY AGAINST LEADING FIGURE OF THE OTHER. IN EDITORIAL ENTITLED "THORARINN PLAYS WITH FIRE", MORGUNBLADID DECLARED "THE RUSSIANS HAVE A FRIEND IN THORARINN THORARINSSON (WHO) MAKES LIGHT OF THE DANGER THAT SOVIETS ARE SPYING IN THIS COUNTRY". PAPER SAID THIS COMES AS NO GREAT SURPRISE GIVEN FACT THAT TIMINN HAS LONG BEEN PRINCIPAL USER IN ICELAND OF NOVOSTI NEWS AGENCY MATERIAL. PARLIAMENT'S LAXNESS IN MONITORING SOVIET ACTIVITIES HERE IS MORE UNDERSTANDABLE NOW THAT IT IS CLEAR HOW FOREIGN RELATIONS COMMITTEE CHAIRMAN "LEANS TOWARD RUSSIANS", MORGUNBLADID ADDED, BUT THIS MAKES NEED FOR SURVEILLANCE EVEN MORE URGENT.

4. FOR NEXT TWO DAYS, MORGUNBLADID PURSUED ATTACH, DEVOTING CONSIDERABLE SPACE IN NEWS AND EDITORIAL COLUMNS TO REFUTING CLAIM THAT TRADE WITH USSR IS IN ICELAND'S INTEREST. MOST RECENTLY MORGUNBLADID HAS TAKEN AIM AT ACTIVITIES OF LOCAL NOVOSTI OFFICE, CLAIMING THAT IT IS OPERATING IN VIOLATION OF ICELANDIC LAW.

5. THERE HAS BEEN NO FURTHER SIGN OF GOI MOVEMENT IN RESPONSE TO DEMANDS IN IP PRESS FOR CHECK INTO SOVIET ACTIVITIES. FONMIN EINAR AGUSTSSON, INTERVIEWED ON SUBJECT, SAID NO DECISION HAD BEEN TAKEN BUT THAT IF ONE EMBASSY WERE INVESTIGATED, REST PROBABLY WOULD BE LIMITED OFFICIAL USE

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ALSO.

6. COMMENT: AS NOTED REF A, COALITION PARTIES HAVE HISTORICALLY TAKEN QUITE DIFFERENT VIEWS OF POTENTIAL SOVIET DANGER TO ICELAND, AND TIMINN-MORGUNBLADID CLASH SHOULD BE SEEN IN THIS CONTEXT. IT WILL GO DOWN AS ONE OF MANY UPCROPPINGS OF FRICTION BETWEEN GOVERNMENT PARTNERS BUT PROBABLY WITHOUT CAUSING ANY GREAT STRAIN ON COALITION UNITY. INTEREST IN ENTIRE ISSUE OF SOVIET ESPIONAGE, IN FACT, SHOWS SOME SIGNS OF DWINDLING. AS IS OFTEN CASE HERE, EVEN WITH MOST HOTLY DEBATED ISSUES, IT MAY SIMPLY FADE AWAY UNRESOLVED.
BLAKE

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